

C. DUKES SCOTT
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900
Columbia, SC 29201



DAN F. ARNETT
CHIEF OF STAFF

Phone: (803) 737-0800
Fax: (803) 737-0986

JOHN W. FLITTER
DIRECTOR
ELECTRIC & GAS REGULATION

September 24, 2009

VIA ELECTRONIC FILING

Charles L. A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Application of South Carolina Electric & Gas Company ("SCE&G") for Approval of Contract for Electric Service with Horsehead Corporation. Docket No. 2009-386-E

Dear Mr. Terreni:

This is to acknowledge that the Office of Regulatory Staff ("ORS") has reviewed the above referenced filing and has no objection to the proposed electric service contract between SCE&G and Horsehead Corporation. The contract is in response to Horsehead Corporation's decision to locate a recycling facility in Barnwell County, South Carolina. Horsehead has a long-term contract with Nucor Steel to recycle electric arc furnace dust which is a byproduct of steel production.

This contract was executed under SCE&G's economic development program. SCE&G negotiated and entered into this contract to assist in securing this business for its investment and job creation in South Carolina. Horsehead's \$87 million investment is expected to create up to 65 new jobs in the State. ORS believes the contract is beneficial to both Companies and promotes economic development in the State of South Carolina.

If the Commission is inclined to grant this request, ORS would recommend including a provision in the order requiring SCE&G to track any resulting foregone revenue and reserve the appropriate ratemaking treatment related to any such foregone revenue for a future rate proceeding or review as determined by the Commission.

Thank you for the opportunity to provide our comments in this matter.

Sincerely yours,

John W. Flitter
JWF/sh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Nanette S. Edwards, Deputy General Counsel, SC ORS
Shannon Bowyer Hudson, Attorney, SC ORS
K. Chad Burgess, Senior Counsel, SCE&G
Dr. James Spearman, Executive Assistant, PSCSC